



## CONTRIBUTORY RETIREMENT SYSTEM

TOWN HALL • 525 WASHINGTON STREET • WELLESLEY, MA 02482-5992

### RETIREMENT BOARD

DAVID N. KORNWITZ, CHAIRMAN  
TIMOTHY BARROS, VICE CHAIRMAN  
SHERYL STROTHER  
CHARLES CAHILL  
MICHAEL LEACH

FACSIMILE: (781) 239-1043  
TELEPHONE: (781) 431-1019 EXT. 2216

LYNN WHYNOT  
RETIREMENT ADMINISTRATOR

### July 28, 2015 BOARD MEETING MINUTES

A duly called, posted meeting was held at 7:35 a.m. in the Peg Arnold Room, Wellesley Free Library, Wellesley, Massachusetts.

Members Present: David Kornwitz, Sheryl Strother and Michael Leach

Also present: Lynn Whynot, Retirement Administrator and Caitlin Russo, Administrative Assistant. Kathleen Riley, Senior Vice President and Actuary from Segal, Hans Larsen, Executive Director and Marc Waldman, Town Treasurer/Collector joined the meeting at 8:00 a.m.

On a motion made by Sheryl Strother and seconded by Michael Leach the Board voted unanimously to approve the open session minutes for the meeting of June 30, 2015.

On a motion made by Sheryl Strother and seconded by Michael Leach the Board voted unanimously to approve the executive session minutes for the meeting of June 30, 2015.

The Board voted the following members in the Wellesley Contributory Retirement System:

Name	Mbr#	Effective Date	Dept.	Group	Position
Steven Gould	5805	06/15/2015	Police	1	Dispatcher
Teresa Rizzo	5806	05/27/2015	WHA	1	Bookkeeper
Timothy Campbell	5807	06/22/2015	DPW	1	Mechanic

The Board noted that there were no new retiree applications and no recent deaths in the Wellesley Contributory Retirement System:

### VOTED: To Approve Voucher #201514

BACTES-Medical Records	\$55.44
Town of Wellesley – Bank Charges	<u>770.88</u>
<b>Total</b>	<b>\$826.32</b>

**VOTED: To Approve Voucher #201517**

Internal Revenue Service-R. Toli	\$929.29
Michael Sacco	672.00
Quill Corporation	969.25
Town of Wellesley-Staff Salaries/Benefits	10,224.62
Robert V. Toli-Erroneous Contributions	<u>3,717.14</u>
<b>Total</b>	<b>\$16,512.30</b>

At 7:38 a.m. the Board entered into Executive Session to discuss disability applications. At 7:45 a.m the Board returned from Executive Session.

The Board discussed PERAC Memo #3/2013 regarding Herrick v. Essex Regional Retirement Board and interest payment on adjustments made under MGL c. 32 §20(5)(c)(2). As suggested by PERAC, the Board determined 3.0% annual interest as reasonable for adjustments when an error is made in computing a benefit resulting in a member or beneficiary receiving from the system more or less than they would have been entitled to receive had the records been correct or error not made. For practicality in administration, interest will be credited when the period of over/underpayment exceeds 6 months.

On a motion made by Michael Leach and seconded by Sheryl Strother the Board voted unanimously to approve the following supplemental regulation:

**Payment of Interest - Correction of Errors**

The provisions of M.G.L. c. 32, § 20(5)(c)(2) state “[w]hen an error exists in the records maintained by the system or an error is made in computing a benefit and, as a result, a member or beneficiary receives from the system more or less than the member or beneficiary would have been entitled to receive had the records been correct or had the error not been made, the records or error shall be corrected and as far as practicable, and future payments shall be adjusted so that the actuarial equivalent of the pension or benefit to which the member or beneficiary was correctly entitled shall be paid. If it is determined that a member has contributed an incorrect amount to the retirement system, the member shall be required to contribute an amount sufficient to correct such error or the board shall pay an amount to the member to correct such error, as the case may be”.

The Board’s policy with respect to the correction of such errors, and the calculation of what constitutes the actuarial equivalent, consistent with the decision rendered in Herrick v. Essex Regional Retirement Board, 465 Mass. 801 (2013) and PERAC Memorandum #32/2013, shall require the Board to pay to the member or beneficiary, or in the case in which a member or beneficiary has been overpaid by the Board, the amount of the corrected benefit, together with three percent (3%) annual interest on the benefit paid or owed, as the case may be, computed from the date the error occurred to the date the error was corrected. In a circumstance in which the Board owes funds to the member or beneficiary, the Board will make a one-time lump-sum payment of the amount owed, and prospectively from the date of payment correct the error such that the member or beneficiary receives the corrected monthly benefit. In a circumstance in which the Board is owed funds by a member or beneficiary to correct an error, the Board shall in its sole

discretion withhold an amount it deems appropriate from the member's or beneficiary's monthly benefit until such time as the debt is fully recovered. In a circumstance in which the Board is owed funds by a member or beneficiary to correct an error, and the member or beneficiary is no longer entitled to receive a monthly benefit, the Board will seek to recover any amount owed in the most prudent and practical manner possible, and reserves the right to maintain an action in contract to recovery [sic] any amount due from the member, beneficiary or the member's or beneficiary's estate.

The Board welcomed Kathleen Riley from Segal to present preliminary results of the January 1, 2015 actuarial valuation. Net gains of \$9.9M were measured when compared to the expected unfunded liability rolled forward from the January 1, 2013 valuation. The significant sources of these gains included \$4.6M in investment gains, \$2.2M in salaries less than expected, and \$3.2M gains in data including fewer retirements than expected. A small loss of \$0.3M was identified for fewer deaths expected and a tweak to the inactive vested retirement age assumption resulted in \$0.2M gain.

The Board discussed possible assumption changes and potential funding schedules at length. The Board decided to drop the discount rate 25 basis points to 6.75% consistent with Ms. Riley's and Mr. Kornwitz's view on capital market expectations. In recognition of improvements in mortality, the mortality table will be updated to the RP2014 Generational with Scale BB2D. Retirement rates for both Group 1 and Group 4 participants will be lowered as recent trends and pension plan changes suggest participants will retire at older ages. The assets will be restarted at Market Value.

Lynn will follow up with Segal regarding break outs by departments and gross compensation of plan participants for the GASB disclosures prior to Segal finalizing the report.

**VOTED:** To adjourn.  
Adjourned at 9:01 a.m.

Respectfully Submitted,  
WELLESLEY RETIREMENT BOARD  
Approved August 27, 2015